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TO SECSTATE WASHDC PRIORITY 3836

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C O N F I D E N T I A L SECTION 1 OF 3 MANILA 3073

CINCPAC FOR POLAD

JOINT EMBASSY/ JUSMAG MSG

E. O. 11652; GDS

TAGS: PDEV; PINS; PFOR; MARR; MASS; MOPS; MCAP; RP

SUBJECT: GOP REQUEST FOR EMERGENCY DEFENSE MATERIEL ASSISTANCE

COUNTRY TEAM APPRAISAL

REFS: A. MANILA 2769 NOTAL)

B. JUSMAG 100304 Z MAR 73 (NOTAL)

C. JUSGMAG 111200 Z, MAR 73 (NOTAL)

D. MANILA 2777

SUMMARY. THIS MSG PROVIDES A COUNTRY TEAM APPRAISAL OF THE NEED FOR A QUICK AND CONSIDERED U. S. RESPONSE TO THE PHILIPPINE REQUEST FOR DEFENSE MATERIEL AND OUTLINES THE IMMEDIATE AND NEAR- TERM REQUIREMENTS TO WHICH WE RECOMMEND THE U. S. RESPOND. THE COUNTRY TEAM BELIEVES THAT THE POINTS OUTLINED HERewith MUST BE CONSIDERED BY WASHINGTON AGENCIES CONCERNED WITH SOLVING THE PROBLEM PRESENTED FOR US- RP RELATIONS BY THE
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DETERIORATING SITUATION IN THE SOUTHERN PHILIPPINES. END SUMMARY

1. IN PREVIOUS MESSAGES ON THIS SUBJECT MISSION HAS TRANSMITTED THE GOP LIST OF MATERIEL REQUIREMENTS (REF B), A PRELIMINARY ASSESSMENT OF THESE REQUIREMENTS (REF C) AND THE MISSION' S REPORT ON THE CONFLICT IN THE SOUTHERN PHILIPPINES (REF D). IN THE FIRST INSTANCE IT MUST BE RECOGNIZED THAT A MATERIEL DEFICIT WITHIN THE ARMED FORCES OF THE PHILIPPINES HAS BEEN ACCUMULATING FOR SEVERAL YEARS. THE SOURCES OF THIS DEFICIT ARE PRIMARILY TWO. ON THE ONE HAND, AS WASHINGTON EXPERTS KNOW ALL TOO WELL, WE FRANKLY HAVE HAD TO ROB PETER TO PAY PAUL IN THE LATTER YEARS OF THE VIETNAM CONFLICT IN ORDER TO PROVIDE VIETNAM, LAOS AND CAMBODIA THE ASSISTANCE THEY NEEDED. IN THIS PERIOD THE PHILIPPINES HAS FOUND IT EXTREMELY DIFFICULT TO COMPETE FOR US MATERIEL AGAINST THE HIGH PRIORITY WE HAVE ASSIGNED TO INDOCHINA AND ELSEWHERE. THIS HAS RESULTED IN A MOUNTING BACKLOG OF UNDELIVERED ITEMS UNDER APPROVED US PROGRAMS FOR THE PHILIPPINES. IT HAS ALSO RESULTED IN SEVERE LIMITATIONS ON TOTAL PROGRAMS FOR THE PHILIPPINES. BOTH OF THESE FACTORS HAVE YIELDED A BUILDUP OF UNMET NEED. WE HAVE MADE THESE POINTS IN EVERY APPRAISAL OF THE PHILIPPINE SECURITY SITUATION IN THE PAST SEVERAL YEARS RESPECTING SPECIFIC INCREMENTS OF AID IN ORDER TO SUPPORT PRIORITY REQUESTS OF THE PHILIPPINES SUCH AS THE MODERNIZATION OF TRANSPORT AIRCRAFT, THE PROVISION OF HELICOPTERS, THE ACQUISITION OF FAST PATROL BOATS, THE EQUIPMENT OF COMBAT FORCES WITH M-16 S AND REQUISITE AMMUNITION, AND SO FORTH.

2. THE DECISIONS OF US PLANNERS TAKEN AT VARIOUS TIMES TO UNDERFUND THE PHILIPPINE PROGRAM AND TO PLACE THE PHILIPPINES ON A LOWER RUNG IN DELIVERY PRIORITIES WERE CLEARLY JUSTIFIED IN THE PERIOD FROM WHICH WE ARE EMERGING, BUT SOONER OR LATER THE CHICKENS HAD TO COME HOME TO ROOST. THE SERIOUSNESS OF SHORTCOMINGS IN THE AFP WHICH HAVE RESULTED FROM THOSE DECISIONS HAS BECOME DAILY MORE EVIDENT WITH THE DETERIORATION OF CONDITIONS IN THE SOUTHERN PHILIPPINES. IT MUST BE KEPT IN MIND HOWEVER THAT THESE SHORTCOMINGS ARE ONLY BEING BROUGHT INTO FOCUS BY THAT SITUATION. THEY ARE NOT BEING CAUSED BY IT.

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3. ON THE OTHER HAND, FOR YEARS THE PHILIPPINES, A COUNTRY OF ALMOST 40 MILLION PEOPLE, HAS ENJOYED THE PRIVILEGE OF MAINTAINING BY WORLD STANDARDS ONE OF THE SMALLEST DEFENSE COSTS (1.6 PERCENT OF GNP) AND FORCE LEVELS (CURRENTLY 66,000 MEN) OF ANY COUNTRY IN THE WORLD. THIS HAS NOT NECESSARILY BEEN BY CHOICE. RATHER MORE OFTEN THAN NOT THE PHILIPPINE CONGRESS HAS CUT THE AFP BUDGET AS A MEANS OF PUNISHING OR WEAKENING THE PARTY IN POWER. THE AFP WAS ABLE TO STAND RELATIVELY ALOOF FROM THE BITTER BUDGETARY IN- FIGHTING THAT CHARACTERIZED THE PRE- MARTIAL LAW CONGRESS BECAUSE, LIMITED THOUGH IT WAS, US MILITARY ASSISTANCE COULD BE COUNTED ON TO PROVIDE THE WHEREWITHAL TO COPE WITH SUCH LIMITED MILITARY PROBLEMS AS THE PHILIPPINES FACED.

4. IT CANNOT BE OVERSTATED THAT THE RESULTS OF THESE SHORTCOMINGS IN PHILIPPINE PRACTICE AND IN US ABILITY TO SERVICE PHILIPPINE PRIORITIES HAVE ONLY BEEN BROUGHT SHARPLY INTOFOCUS BY THE PROBLEM THAT NOW EXISTS IN THE SOUTHERN PHILIPPINES. BECAUSE OF THIS SITUATION, HOWEVER, THE PHILIPPINES IS NO LONGER IN A BUSINESS- AS USUAL SITUATION. THE AFP IS CONFRONTED BY INSURGENCY PROBLEMS WHICH MUST BE DEALT WITH SURELY IF POLITICAL INSTABILITY IS NOT TO INCREASE. TO DO THE JOB, EQUIPMENT AND MANPOWER ARE NEEDED.

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5. PRESENT CIRCUMSTANCES BRING THE PHILIPPINE LEADERSHIP TO US IN A MOOD OF EXTREME URGENCY. THEY DO NOT CONSIDER THE PROBLEM THEY FACE TO MERIT OTHER THAN A PREVIOUSLY JUSTIFIED SCALE OF ASSISTANCE; NOR DO WE. THEY CLEARLY EXPECT, HOWEVER, THAT REDUCTION OF REQUIREMENTS FOR INDOCHINA WILL HAVE ENABLED THE US TO GIVE MORE URGENT ATTENTION TO PHILIPPINE PRIORITIES.

6. IT IS IN THIS FRAME OF MIND, WE BELIEVE, THAT THE GOP WILL OBSERVE THE US RESPONSE TO THEIR REQUEST FOR EXPEDITED MATERIEL SUPPORT. THE US RESPONSE CANNOT BE DISASSOCIATED FROM THE PHILIPPINE ATTITUDE TOWARD US BASES IN THE PHILIPPINES AND WHT FILIPINOS BELIEVE TO HAVE BEEN A GENEROUS ACCOMMODATION ON THEIR PART TO US NEEDS THROUGHOUT THE VIETNAM WAR. SHOULD THE FILIPINOS BELIEVE OUR RESPONSE TO BE INADEQUATE, THE GOP IS LIKELY TO GIVE MORE WEIGHT TO THE VIEWS OF ELEMENTS IN THE GOP WHO BELIEVE THAT THE UNITED STATES TAKES THE PHILIPPINES FOR GRANTED AND THAT THE WAY TO OBTAIN GREATER US ATTENTION IS TO MAKE THE TYPES OF AGRESSIVE DEMANDS ON THE UNITED STATES THAT HAVE BEEN SEEN TO WORK IN KOREA AND ELSEWHERE.

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7. THE DEFICIENCIES UNDERLYING THE CURRENT UNDERMANNED AND UNDEREQUIPPED AFP STATE OF READINESS ARE FACTS OF LIFE WHICH HAVE BEEN SET FORTH BY THE COUNTRY TEAM ON MANY PAST OCCASIONS AND WHICH NOW ARE COMPOUNDED IN THE AFP' S INABILITY TO REACT EFFECTIVELY AND FORCEFULLY TO AN EMERGENCY. WE DO NOT KNOW AT THIS STAGE THE SIZE, COMPOSITION AND THE TIME PHASING OF GOVT FORCES REQUIRED TO COPE WITH THE DISSIDENT MUSLIM SITUATION, BUT WE DO KNOW THAT THIS WILL BE DONE AT THE EXPENSE OF THE READINESS AND THE AVAILABILITY OF SECURITY FORCES ELSEWHERE IN THE COUNTRY.

8. PAST ATTEMPTS BY MARCOS TO WORK OUT A " MODUS VIVENDI" IN THE SOUTH (REF D) HAVE FAILED, AND HIS ATTEMPTS AT CONCILITATION IN RECENT WEEKS HAVE EVIDENTLY BEEN TAKEN AS SIGNS OF WEAKNESS. THE TIME CONSUMED THEREBY HAS ENABLED THE MUSLIM DISSIDENTS TO BUILD UP, TRAIN AND EQUIP THEIR FORCES, WITH SIGNIFICANT OUTSIDE HELP. IT IS NOT IN THE BEST INTEREST OF THE U. S. TO CHANCE THAT THE PROBLEM WILL RESOLVE ITSELF OR THAT, AS A MILITARY CHALLENGE, IT WILL GO AWAY (AS WE HAVE

HOPED IN THE PAST). THE GOP HAS DIRECTED AN AFP INCREASE OF APPROXIMATELY 16,000 MEN (REF C) . WHILE THE COUNTRY TEAM ENDORSES JUSMAG' S DIFFERING APPRAISAL REF C) AT THE COMPOSITION OF THESE FORCES, THE INCREASE IS MODEST WHEN RELATED TO THE JOB AT HAND. THE SECURITY ASSISTANCE REQUIRED FROM US IS TO HELP EQUIP THESE ADDED FORCES AND TO EXPEDITE THE EQUIPAGE OR RE- EQUIPAGE OF EXISTING SECURITY FORCES. THE CURRENT POM FUNDING GUIDELINES OF \$23 MILLION, INCLUDING A MINIMUM OF \$3 MILLION FMSCR, IS NOT ADEQUATE. THE FY 73 PROGRAM OF \$15.7 MILLION PLUS PRIOR YEAR UNDELIVERED BALANCES ARE NOT ADEQUATE TO THE IMMEDIATE AND URGENT NEEDS OF THE AFP. THE GOP/ AFP HAS REQUESTED IMMEDIATE ASSISTANCE APPROXIMATING \$87.6 MILLION (NOT INCLUDING SHIP LOAN/ LEASE). THE COUNTRY TEAM ENDORSES THE ASSESSMENT THAT \$50-60 MILLION OF THIS AMOUNT IS REQUIRED AND RECOMMENDS THE FOLLOWING TIME- PHASED STEPS TO HELP INSURE INTERNAL SECURITY AND STABILITY WITHIN THE PHILIPPINES:

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PHILIPPINE ASSISTANCE REQUEST

A. FUNDED UNDELIVERED ITEMS (IN MILLIONS) \$11

B. SUPPLEMENTARY REQUIREMENTS (REF A) 87.6#

1. NON- SUPPORTABLE ITEMS 20

2. ITEMS NOT REQUIRED PRIOR FY 1975 26

3. PRESENT FY 74 PROGRAM 19.9

4. ITEMS REQUIRING ADDITIONAL FUNDING 22.0

A. WITHIN FISCAL 1973 16.5

B. IN FISCAL 1974 5.5

DOES NOT INCLUDE SHIP LOAN/ LEASE

9. FIRST PRIORITY IS FOR DELIVERY OF ITEMS FUNDED IN FISCAL 1973 OR PRIOR YEAR PROGRAMS. APPROXIMATELY \$11 MILLION IN FUNDED MATERIEL IS INVOLVED WITH PRINCIPAL ITEMS BEING COMMUNICATIONS EQUIPMENT, HELICOPTERS, RIFLES, AMMUNITION AND PATROL VESSELS. OTHER ITEMS REQUIRED ON IMMEDIATE BASIS ARE TRANSPORT AIRCRAFT AND ADDITIONAL QUANTITIES OF SMALL ARMS AND AMMUNITION AND COMMUNICATIONS GEAR. BY END OF FISCAL 1974

PHILIPPINES WILL REQUIRE ADDITIONAL HELICOPTERS, PATROL BOATS, COMMUNICATIONS EQUIPMENT AND SMALL ARMS. ALL OF ABOVE ITEMS HAVE BEEN CAREFULLY JUSTIFIED BY MISSION AND FOR MOST PRT HAVE BEEN PREVIOUSLY PROGRAMMED. THE PHILIPPINES NEED, THEREFORE, IS FOR ACCELERATED FUNDING AND DELIVERY OF ITEMS ALREADY COVERED BY PROGRAM. AS INDICATED IN TABLE ABOVE ABOUT \$22 MILLION IN ACCELERATED FUNDING WOULD BE REQUIRED TO MEET MINIMUM PHILIPPINE NEEDS, WITH \$16.5 MILLION OF THIS AMOUNT REQUIRED IN FISCAL YEAR 1973. MISSION HAS BEEN ABLE TO ELIMINATE FROM ACCELERATED FINANCING REQUEST 22 PERCENT OF VALUE OF ITEMS REQUESTED BY PHILIPPINES; MOST OF THIS AMOUNT, \$20 MILLION, WAS REJECTED FOR REPRESENTING ITEMS WHICH ARE EXCESSIVE TO PHILIPPINE REQUIREMENTS OR INCONSISTENT WITH PHILIPPINE SELF- RELIANCE OBJECTIVES.

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ANOTHER \$26 MILLION REPRESENTS ITEMS WHICH ARE SUPPORTABLE WITHIN PROGRAM BUT WHICH DO NOT APPEAR TO BE REQUIRED ON URGENT BASIS. FURTHER DETAILS ON PROGRAMMING IMPLICATIONS OF REQUEST BEING FORWARDED SEPARATELY BY JUSMAG.

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10. CONCLUSIONS AND RECOMMENDATIONS. AFTER CAREFUL REVIEW OF PHILIPPINE REQUEST WE CONCLUDE THAT, AS MODIFIED ABOVE, IT REPRESENTS THE MOST IMMEDIATE AND CRITICAL MATERIEL REQUIREMENTS FOR DEALING WITH THE DEFICIENCIES AND SHORTCOMINGS OF PHILIPPINE ARMED FORCES. PRESIDENT MARCOS HAS PERSONALLY UNDERSCORED THE URGENCY OF THIS REQUEST FOR MILITARY ASSISTANCE (REF A). SERIOUSNESS OF THESE SHORTCOMINGS IS BECOMING DAILY MORE EVIDENT WITH DETERIORATION OF SOUTHERN SITUATION (REF D). REQUEST CALLS PRIMARILY FOR ACCELERATED DELIVERY AND FINANCING OF EQUIPMENT TO OVERCOME ACCUMULATING DEFICIENCY BROUGHT ABOUT BY FUNDING AND AVAILABILITY CONSTRAINTS DURING THE PAST SEVERAL YEARS. OUR RESPONSE TO THE PHILIPPINE REQUEST MUST, OF COURSE, BE TEMPERED BY OUR OWN RESOURCE CONSTRAINTS, BY THE GOP CAPABILITY TO PROVIDE SUPPORTING FUNDS AND CERTAIN ITEMS FOR THEMSELVES, AND BY OUR EFFORT TO SCREEN OUT ITEMS WHICH THEY CAN GET ALONG WITHOUT. THE COUNTRY TEAM BELIEVES, HOWEVER, THAT THE U. S. RESPONSE TO THE GOP REQUEST WILL HAVE CRITICAL EFFECT UPON U. S. LONG-RANGE ECONOMIC AND SECURITY INTERESTS IN THE PHILIPPINES. THE GOP REQUESTS FLOW OUT OF VITAL
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PHILIPPINE NATIONAL INTERESTS. IF THESE INTERESTS APPEAR LIKELY TO SUFFER AS A CONSEQUENCE OF U. S. ASSISTANCE POLICY, NO U. S. INTEREST IN THE PHILIPPINES CAN EXPECT IMMUNITY. THE MISSION, THEREFORE, RECOMMENDS:

- A. MAXIMUM EFFORT TO IDENTIFY AND TO PROVIDE PROMPTLY EXCESS DEFENSE ARTICLES WHICH WILL FULFILL ANY OF ABOVE NEEDS;
- B. MAXIMUM ACCELERATION OF THE UNDELIVERED BALANCES FROM THE FY 73 AND PRIOR YEARS;
- C. IMMEDIATE SUPPLEMENTARY FUNDING FY 73 OF \$16 MILLION REQUIRED TO ROUND OUT MATERIAL FOR IMMEDIATE EMERGENCY USE;
- D. SUPPLEMENTARY FUNDING FOR FY 74 IN THE AMOUNT OF \$5.5 MILLION (IN ADDITION TO THE \$19.9 PROGRAMMED);
- E. HIGHEST POSSIBLE PRIORITY ON APPROVAL, ACQUISITION AND DELIVERY

OF ALL THESE REQUIREMENTS.
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